

RIALTO HOUSING AUTHORITY

HOUSING SUCCESSOR ANNUAL REPORT FOR FISCAL YEAR 2013-14

PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176.1(f)

This Housing Successor Annual Report (“Report”) regarding the Low and Moderate Income Housing Asset Fund (“LMIHAF”) has been prepared pursuant to California Health and Safety Code Section 34176.1(f). The report sets forth certain details of the Rialto Housing Authority (“Housing Successor”) activities during **Fiscal Year 2013-14**.

The purpose of this Report is to provide the governing body of the Housing Successor an annual report on the housing assets and activities of the Housing Successor under Part 1.85, Division 24 of the California Health and Safety Code, in particular sections 34176 and 34176.1 (“Dissolution Law”).

The information in the Report is contained within the independent financial audit of the Low and Moderate Income Housing Asset Fund for **Fiscal Year 2013-14** as prepared by White Nelson Diehl Evans LLP. The audit is separate from this annual summary Report.

The Report is organized into the following sections pursuant to HSC Section 34176.1(f), as follows:

1. **Amount Deposited into LMIHAF:** Total amount of funds deposited into the LMIHAF during the Fiscal Year; not including amounts deposited for items listed on the Recognized Obligation Payment Schedule (“ROPS”).
2. **Ending Balance of LMIHF:** Statement of the balance in LMIHAF as of the close of the Fiscal year; not including amounts deposited for items listed on the ROPS.
3. **Description of Expenditures from LMIHAF:** Description of the expenditures made from the LMIHAF during the Fiscal Year and listed in three categories as follows: i) for monitoring and preserving the affordability restriction or covenants entered into by the former Redevelopment Agency or the Housing Successor and administering the Successor Agency activities; ii) for homeless prevention and rapid rehousing services; or, iii) for the development of housing.
4. **Statutory Value of Assets Owned by Housing Successor:** Statutory value of real property owned by the Housing Successor, the value of loans and grants receivables, and the sum of these two amounts.
5. **Description of Transfers:** Transfers, if any, to another housing successor agency made in previous Fiscal Year(s), including whether the funds are unencumbered and the status of the projects, if any, for which the transferred LMIHAF will be used. The sole purpose of the transfers must be for the development of transit priority projects, permanent supportive housing, housing for agricultural employees or special needs housing.
6. **Project Descriptions:** Describe any project for which the Housing Successor receives or holds property tax revenue pursuant to the ROPS and the status of that project.

7. **Status of Compliance with Section 33334.16:** Update on compliance with Section 33334.16 for interests in real property acquired by the former Redevelopment Agency prior to February 1, 2012. For interests in real property acquired on or after February 1, 2012, a status update is provided.
8. **Description of Outstanding Obligations under Section 33413:** Outstanding inclusionary and replacement housing obligations, if any, under Section 33413 that remain outstanding prior to the dissolution of the former Redevelopment Agency as of February 1, 2012 along with the Housing Successor's progress in meeting those prior obligations, if any, of the former Redevelopment Agency and how the Housing Successor's plans to meet unmet obligations, if any.
9. **Income Test:** Information required by Section 34176.1(a)(3)(B), or a description of expenditures by income restriction for a five year period, with the time period beginning January 1, 2014 and whether the statutory thresholds have been met. However, reporting of the Income Test is not required until 2019.
10. **Senior Housing Test:** Percentage of units of deed-restricted rental housing restricted to seniors and assisted individually or jointly by the Housing Successor, its former Redevelopment Agency, and its host jurisdiction within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted individually or jointly by the Housing Successor, its former Redevelopment Agency and its host jurisdiction within the same time period.
11. **Excess Surplus Test:** Provide the amount of excess surplus in the LMIHAF, if any, and the length of time that the Housing Successor has had excess surplus, and the Housing Successor's plan for eliminating the excess surplus.
12. **Inventory of Homeownership Units Assistance:** Inventory of homeownership units assisted by the former Redevelopment Agency or Housing Successor that are subject to covenants or restrictions. The inventory shall include information on: (i) number of units; (ii) number of units lost in the portfolio after February 1, 2012 and the reason for the loss; (iii) any fund returned to the Housing Successor Agency; and, iv) whether the Successor Agency has contracted with an outside entity to manage the units, and if so, the name of the entity.

This Report is available on the City's website at www.rialtoca.gov/development.

RIALTO HOUSING AUTHORITY

HOUSING SUCCESSOR ACTIVITY FOR FISCAL YEAR 2013-14

On September 11, 2013, the California Department of Finance approved the Housing Assets Transfer Form and allowed the transfer of housing assets to the Housing Successor.

The Housing Successor's LMIHAF includes balances from the 2008 Series B Housing Bond and bond excess proceeds as disclosed in the Low and Moderate Income Housing Fund Due Diligence Review and approved by the California Department of Finance on December 28, 2012 and in the Other Funds and Accounts Due Diligence Review approved by the California Department of Finance on May 5, 2013 ("Housing Bond Proceeds").

1. AMOUNT DEPOSITED INTO LMIHAF

A total of **\$244,588** was deposited into the LMIHAF during the Fiscal Year. Of this amount, **\$168,430** deposited related to the non-housing bond income and **\$76,158** deposited related to the Housing Bond Proceeds interest. Of the total funds deposited into the LMIHAF, no funds were held for items listed on the ROPS.

Source: FY14 Fund 236 Revenue Detail Report.

2. ENDING BALANCE OF LMIHAF

At the close of the Fiscal Year, the ending balance in the LMIHAF was **\$52,458,438** as follows, with no funds held for items listed on the ROPS:

Housing Successor FY Ending Balance

Non-spendable - Loan Receivable from Non-Residual Payments:	\$ 1,832,823 (a)
Non-Spendable - Loan Receivable from Residual Payments:	\$ 40,912,319 (a)
Housing Bond Proceeds:	\$ 8,517,797 (b)
Non-Housing Bond Spendable:	\$ 389,880 (b)
Non-Spendable - Grant Funds(c)	\$ 805,619 (b)
Total(d)	\$ 52,458,438

(a) Information obtained from Annual Financial Audit Report and reconciled in the Loan Receivable Balance Table. Relates to rehabilitation loans. A portion of the balance relates to CalHome funds, which is not an asset of the Successor Agency.

(b) Information obtained from Annual Financial Audit Report and reconciled in the staff Housing Successor Cash Balance Report.

(c) These funds relate to funds held in the Low-Moderate Income Housing Fund of the former Redevelopment Agency. In the May 5, 2013 Other Fund Due Diligence Review letter, the California Department of Finance designated the funds as restricted grants that require an authorized Recognized Obligation Payment Schedule to expend the funds.

(d) Staff mistakenly transferred \$921,450 from the Housing Successor LMIHAF to the Successor Agency fund. Staff in Fiscal Year 2015 is to correct the transfer. The total balance includes \$921,450.

The non-spendable loan receivable from residual balance for the Fiscal Year is as follows:

Non-Spendable - FY Loan Receivable From Residual Payment Balance

Project Name	Original Loan Amount	Other Fund Source	LMHF(b) Amount Assisted	LMHF % Assisted	Interest Amount	Current Total Amount 6/30/2014(c)	Current LMHF Amount 6/30/2014
Citrus Grove - Phase 1	\$ 14,054,480		\$ 14,054,480	100%	3% Interest	\$ 17,514,402	\$ 17,514,402
Citrus Grove - Phase 2	\$ 8,626,713		\$ 8,626,713	100%	0% Interest	\$ 8,626,713	\$ 8,626,713
Telacu #1 (La Paz)	\$ 751,408	\$ -	\$ 751,408	100%	0% Interest	\$ 751,408	\$ 751,408
Telacu #2 (Tierra Serrano)	\$ 1,824,155		\$ 1,824,155	100%	0% Interest	\$ 1,824,155	\$ 1,824,155
Telacu #3 (Rio Alto)	\$ 3,805,000		\$ 3,805,000	100%	0% Interest	\$ 3,596,788	\$ 3,596,788
Park Place 32 Phase 1	\$ 7,385,974		\$ 7,385,974	100%	3% Interest	\$ 7,958,387	\$ 7,958,387
Park Place 8 Phase 2(a)	\$ 1,959,400	\$ (1,365,000)	\$ 594,400	30%	3% Interest	\$ 2,111,254	\$ 640,466
Total	\$ 38,407,130	\$ (1,365,000)	\$ 37,042,130			\$ 42,383,107	\$ 40,912,319

(a) Funding consist of RDA Low-Mod Housing and Neighborhood Stabilization Program funds

(b)LMHF is former Redevelopment Agency's Low-Moderate Income Housing Fund Source

(c) Based on Fiscal Year Financial Audit

3. DESCRIPTION OF EXPENDITURES FROM LMIHAF

The following is a description of expenditures interest from the LMIHAF by category:

Description of Expenditures from LMIHAF(a)

Monitoring and Administrative Expenditure(a):	\$	38,644
Homeless Prevention and Rapid Rehousing Services:	\$	-
Housing Development Expenditures:	\$	-
Low-Mod Income Units:	\$	-
Very-Low Income Units:	\$	-
Extremely-Low Income Units:	\$	-
Total Expenditure From LMIHAF:	\$	38,644

(a) Source from FY Fund 236 Expenditure Detail Report

(b) Section 34176.1(a)(1) permits a housing successor to expend 2% of the statutory value of real property owned by the housing successor and of loans and grants receivable for monitoring and preserving the long-term affordability of units subject to affordability restriction or covenants, administer homeless prevention program or administer affordable housing development. If this amount is less than \$200,000 for any given fiscal year, the housing successor may \$200,000 for administrative costs.

4. STATUTORY VALUE OF ASSETS OWNED BY HOUSING SUCCESSOR IN LMIHAF

Under the Dissolution Law and for purposes of this Report, the “statutory value of real property” means the value of properties formerly held by the former redevelopment agency as listed on the housing asset transfer schedule approved by the Department of Finance as listed in such schedule under Section 34146(a)(2), the value of the properties transferred to the Housing Successor pursuant to Section 34181(f), and the purchase price of property(ies) purchased by the Housing Successor. Further, the value of loans and grants receivable is included in these reported assets held in the LMIHAF.

The following provides the statutory value of assets owned by the Housing Successor:

Value of Housing Successor Assets		
Statutory Value of Real Property Owned by Housing Successor:	\$ 1,235,427	(a)
Value of Loans and Grants Receivable:	\$ 42,745,142	(b)
Total Value of Housing Successor Assets	\$ 43,980,569	

(a) Information obtained from Finance Department's "Schedule of Land Held For Resale".

(b) Information obtain from Annual Financial Audit Report.

5. DESCRIPTION OF TRANSFERS

The Housing Successor did not make any LMIHAF transfers to other Housing Successor(s) under Section 34176.1(c)(2) during the Fiscal Year.

6. PROJECT DESCRIPTIONS

The Housing Successor does not receive or hold property tax revenue pursuant to the ROPS. However, ROPS 13-14B authorizes the Housing Successor to expend \$1.3 million related to HELP Loan (#1) related to the Citrus Grove Phase 1 project. The fund source is Housing Bond Proceeds, which is included in the LMIHAF total ending balance, as listed above in #2.

7. STATUS OF COMPLIANCE WITH SECTION 33334.16

Section 34176.1 provides that Section 33334.16 does not apply to interests in real property acquired by the Housing Successor on or after February 1, 2012; however, this Report presents a status update on the projects related to such real property.

With respect to interests in real property acquired by the former redevelopment agency prior to February 1, 2012, the time periods described in Section 33334.16 shall be deemed to have commenced on the date that the California Department of Finance approved the property as a housing asset in the LMIHAF. As to real property acquired by the former redevelopment agency now held by the Housing Successor in the LMIHAF, the Housing Successor must initiate activities consistent with the development of the real property for the purpose for which it was acquired within five years of the date that DOF approved such property as a housing asset. On September 11, 2012, the California Department of Finance approved the housing transfer.

The Housing Successor owns the following parcels as transferred by the former redevelopment agency:

- 144 South Orange Avenue
- 146 South Orange Avenue
- 200 South Orange Avenue
- 206 South Orange Avenue
- 428 East Walnut Avenue
- 140 South Olive Avenue
- 110 East Rialto Avenue
- 144 South Olive Avenue
- SWC of Foothill Boulevard and Cactus Avenue

8. DESCRIPTION OF OUTSTANDING OBLIGATIONS PURSUANT TO SECTION 33413

Replacement Housing: According to the 2010-2014 Implementation Plan for the former redevelopment agency, a Section 33413(a) replacement housing obligations exists for the Housing Successor. The Implementation Plan on Page 56 identifies seven (7) units for replacement. The units were to be replaced by the KDF Senior Housing Project; however, this project was not developed. Currently the Housing Successor plans in either CY 2017 or 2018 to develop a of 78-unit family project on Bonnie Brae Drive and will include the seven (7) units as replacements. The former Redevelopment Agency's Implementation Plans are posted on the City's website www.rialtoca.com/development.

Inclusionary/Production Housing. According to the 2010-2014 Implementation Plan for the former redevelopment agency, no Section 33413(b) inclusionary/production housing obligations were transferred to the Housing Successor. The former Redevelopment Agency's Implementation Plans are posted on the City's website www.rialtoca.com/development.

9. EXTREMELY-LOW INCOME TEST

Section 34176.1(a)(3)(B) requires that the Housing Successor must require at least 30% of the LMIHAF to be expended for development of rental housing affordable to and occupied by households earning 30% or less of AMI. If the Housing Successor fails to comply with the Extremely-Low Income requirement in any five-year report, then the Housing Successor must ensure that at least 50% of the funds remaining in the LMIHAF be expended in each fiscal year following the latest fiscal year following the report on households earning 30% or less of AMI until the Housing Successor demonstrates compliance with this requirement. This information is not required to be reported until 2019 for the 2014 – 2019 period.

10. SENIOR HOUSING TEST

The Housing Successor is to calculate the percentage of units of deed-restricted rental housing restricted to seniors and assisted by the Housing Successor, the former Redevelopment Agency and/or the City within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted by the Housing Successor, the former Redevelopment Agency and/or City within the same time period. If this percentage exceeds 50%, then the Housing Successor cannot expend future funds in the LMIHAF to assist additional senior housing units until the Housing Successor or City assists and construction has commenced on a number of restricted rental units that is equal to 50% of the total amount of deed-restricted rental units.

The following provides the Housing Successor's Senior Housing Test for the 10 year period of January 1, 2004 to December 31, 2013, which indicates **47.80%** of senior projects compared to the total units of deed-restricted rental housing:

Deed Restricted Housing Assisted by the Former RDA/Housing Successor/City					
Project Name	Housing Type	Construction Type	Year Built	Total Units	Very Low Income
Telacu #1 (La Paz)	Senior	Construction	2006	69	69
Citrus Grove - Phase 1	Family	Sub Rehab	2007	150	107
Citrus Grove - Phase 2	Family	Sub Rehab	2010	41	17
Telacu #2 (Tierra Serrano)	Senior	Construction	2011	74	74
Telacu #3* (Rio Alto)	Senior	Construction	2012	74	74
Park Place 8-Unit Phase 2	Family	Sub Rehab	2012	8	8
Park Place 32-Unit Phase 1	Family	Sub Rehab	2012	30	11
Park Place 8-Unit Phase 3	Family	Sub Rehab	2014	8	8
Total:				454	
Total Senior				217	
% Difference of Senior				47.80%	

11. EXCESS SURPLUS TEST

Excess Surplus is defined in Section 34176.1(d) as an unencumbered amount in the account that exceeds the greater of one million dollars (\$1,000,000) or the aggregate amount deposited into the account during the Housing Successor's preceding four Fiscal Years, whichever is greater. The LMIHAF does not have an Excess Surplus (**see attached worksheet**).

12. INVENTORY OF HOMEOWNERSHIP UNITS ASSISTANCE

The former redevelopment agency executed one homeownership assistance project. The following is information of the homeownership assistance project:

1) Number of homeownership assistance units:	1
2) Number of lost homeownership assistance units:	0
3) Returned funds in Fiscal Year from homeownership assistance units:*	\$2,973.57
4) Who monitors the homeownership assistance units:	Housing Successor

*Amount is principal balance paid during fiscal year. Payment schedule is the source of information.

EXHIBIT A

Rialto Housing Successor (Rialto Housing Authority)

Computation of Housing Successor Excess/Surplus (HSC 34176.1)

	Low and Moderate Housing Funds June 30, 3014
Opening Fund Balance:	\$ 52,458,438
Less Unavailable Amounts:	
Loans receivable	\$(42,745,142)
Housing Bond Proceeds	\$ (8,517,797)
Grant	\$ (805,619)
	=====
Total - Unavailable Amounts:	\$ (52,068,558)
	=====
Available Housing Successor Funds	\$ 389,880
Limitation (greater of \$1,000,000 or four years deposits)	
Aggregate amount deposited for last four years:	
2015-2016	\$ -
2014-2015	\$ -
2013-2014	\$ 168,430
2012-2013	\$ 370,550
	=====
Total	\$ 538,980
Base Limitation	\$ 1,000,000
Greater amount	\$ 1,000,000
Computed Excess/Surplus	<u>None</u>